Report

Report to:	**Finance and Information Technology Resources Committee**
Date of Meeting:	**14 June 2011**
Report by:	**Chief Executive**

Subject:	**Risk Management Activity During 2010/11**

1.   Purpose of Report
1.1.   The purpose of the report is to:-

♦   provide an update on progress with risk management activity undertaken during 2010/11

2.   Recommendation(s)
2.1.   The Committee is asked to approve the following recommendation(s):-

(1)   that progress is noted
(2)   that the proposed areas of work for next year are approved

2.   Background
2.1.   The Council's risk management strategy encourages management of risk in two ways; by requesting a core set of tasks to raise risk awareness among officers, members and partners and by recognising that the best way to manage risk is by embedding risk considerations into normal service delivery.

3.2.   In July 2010, a risk management work plan was approved. The actions within the work plan resulted from an assessment of the Council's progress on risk management using the Best Value Two (BV2) toolkit and other risk management standards.

3.   Progress
3.1.   The 2010/11 Risk Management work plan is attached at Appendix One. By the end of March 2011, 79 per cent of actions had been completed or were nearing completion.

4.2.   Significant progress was made during the last year in the following areas of the work plan:
-    Risk information contained in Committee reports within "other implications"
-    Risk considered as part of the savings exercise
-    Learn on Line training module in Risk Management ready for launch
-    Guidance on risk management in partnerships actively promoted.

4.3.   Other risk management achievements for 2010/11 include:

- **Top risk review** – Consultation with Executive Directors and the Elected Members who recently attended training resulted in an update of the Council's top risk register.
- **Targeted workshops** – Workshops have been held for major areas of change and for specific projects, including the International Children's Games.
- **Bulletins** – All risk management advisory bulletins were reviewed and are available on the intranet. A newsletter was also issued to Elected Members.
- **Training and development** – Risk Management training continues at Management Development level and on-line training is available for members and employees.
- **Benchmarking** – Meetings with other local authorities were completed and outcomes reported to the Risk and Audit Scrutiny Forum.
- **Savings** – The annual savings exercise, for the first time, included an evaluation of risk against each proposal.
- **Identification of cross cutting and emerging risks** – Resource Risk Sponsors have been engaged in identifying risks that have cross Resource implications. Examples include potential increase in fly tipping, metal theft and increased fire risk in communal housing areas.

4.4. In addition to the above general activities and the work plan, specific risk control initiatives continue to be implemented at a corporate level throughout the Council. Examples of work that has been undertaken over the last year include:
- **Insurance claims hot spots** – Work on completing mitigating actions continues with only a small number outstanding. An external insurance consultant is currently reviewing progress in this area.
- **Security Working Group** - This group continues to progress initiatives to improve security at Council properties. All performance targets for the reduction of crime and property insurance claims have been exceeded. Examples include a 32% reduction in criminal incidents at general properties and a 20% reduction in the cost of property insurance claims.
- **Fraud** – An internally hosted reporting telephone line, "FraudAlert" was launched for members of the public to report insurance and other fraud. The Anti-Fraud and Corruption Strategies were also revised.
- **Information governance** – Resources' self assessments are highlighting where gaps exist and what further actions need to be implemented. Full briefings have been provided to all management teams to raise awareness of the importance of information governance.
- **Health and Safety** – A recently approved Health and Safety strategy outlines a long term approach and gap analyses are leading to Resource specific Health and Safety plans.
- **Insurance programme review** – This review resulted in amendments being made to purchased insurance covers. This reflects an increased appetite for measured risk which carries an up front premium saving.
- **Administration of medicine** – Gallagher Bassett conducted a review of procedures within two Resources. This included discussions and visits to schools and residential units. The Council performed highly with Social Work Resources achieving an overall score of 93 per cent and Education Resources 92 per cent.
- **Environmental** – The Council's response to the risk of increased fuel costs has been to review its carbon management plan and to work collaboratively with other public sector organisations.
- **Business continuity** – Most Resources have completed plans for category one and two functions. A work plan for 2011/12 has been prepared.
- **Investors in People** - An internal review of IIP compliance is underway and results to date indicate that key employee related risks are being well managed.

2.   Resource compliance with risk management strategy

5.1.   Resource Risk Sponsors were recently asked to reassess compliance with the formal requirements of the Risk Management Strategy. The information gathered was used to update the end of year compliance statement which is attached at Appendix Two. There has been an overall annual improvement in performance of 24 per cent since the year end Risk Management Report for 2009/10.

5.2.   The main areas of improvement are in Resources keeping up to date risk registers, and in reporting risk registers and risk control plans to Committee. Some Resources are still preparing to address specific areas, such as formal risk sharing in partnerships. These areas should be a priority for Resources in the forthcoming year.

5.3.   Resources are required to implement agreed risk control measures. As at 31 March 2011, the percentage of actions completed was 46 per cent against an overall target of 60 per cent. Some further work is required to complete outstanding actions and thereafter update records. Committee is asked to note performance and the much improved level of compliance across all Resources in meeting the requirements of the Risk Management Strategy.

6.   Next steps

6.1.   The last review of the Council's Risk Management Strategy took place in 2009. The strategy will be updated during 2011/12.

6.2.   Actions from the 2010/11 Risk Management work plan which have not yet been delivered will be discussed with lead officers and carried forward to the 2011/12 Risk work plan where appropriate. Other actions from internal and external reviews will also be included.

6.3.   Committee is asked to approve the approach in determining areas of risk management work for the forthcoming year

7.   Employee Implications

7.1.   Resource Risk Sponsors are crucial to embedding risk management in routine service planning, delivery and performance. Training is available to all employees who are expected to identify and manage risks which impact on their services.

8.   Financial Implications

8.1.   Some costs associated with the implementation of risk initiatives which cannot be met from Resource revenue budgets can be considered for partial funding from the risk management budget provided there are on-going insurance savings in the fund. A bidding system is in place through Risk Sponsors.

8.2.   The central Risk Management team operates with a net budget of £234,352 which was £15,581 under-spent as at period 13

9.   Other Implications

9.1.   Failure to implement basic risk management requirements in Resources and partnerships will make it difficult to achieve compliance with BV2 basic practice standards. To mitigate against this, Resource risk groups are in place and management team talks are on offer and guidance on decision taking, options appraisal and reporting risk to elected members is currently available.

9.2. The full financial benefit of any risk management initiative may take time to evolve but efficiencies identified during 2010/11 amount to a minimum of £115,689 and if security and roads claims reductions are also included the total potential 2010/11 efficiencies amount to £253,577. Contributions have come from initiatives such as offsetting claims settlements against individual debt, the insurance programme review (£45,715), in house hosting of the anti-fraud telephone line and a reduction in the size of the central Risk Management team

10. Equality Impact Assessment and Consultation Arrangements
10.1. There is no requirement to carry out an impact assessment in terms of the proposals contained within this report.

10.2. Risk Sponsors have been fully consulted during the preparation of this report.

Archibald Strang
Chief Executive

10 May 2011

Link(s) to Council Values/Improvement Themes/Objectives
   ♦ Governance and Accountability

Previous References
   ♦ Risk and Audit Scrutiny Forum – 8 July 2010 – Risk Management Year End Report
   ♦ Risk and Audit Scrutiny Forum - 19 May 2011 – Risk Management Year End Report

List of Background Papers
   ♦ Executive Committee paper 8 June 2011- Top Risk Register

Contact for Further Information
If you would like to inspect the background papers or want further information, please contact:-
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Delivery of the Risk Management Work Plan 2010/11

Improve status
1) Achieved
2) On course to achieve
3) Progress but potential issues
4) Slippage
5) Not on course to achieve – major slippage

Action Number	Action	Progress
AC/3923	Send reminders to risk sponsors with annual timetable of requirements and reports to be completed. Also send copy of Finance and IT report as an example	1
AC/3930	Explore options for more closely linking Resource Planning and risk management, including updating the Resource planning guidance to ensure that risk is adequately taken into account	1
AC/3933	Gather some examples of risk embeddment, to show how risk is integrated into procedures and practices	1
AC/3934	Promote guidance on risk management in partnerships, through presentations to management teams	1
AC/3935	Promote guidance on risk management in partnerships, through risk sponsors meeting	1
AC/3936	Include guidance on risk management in partnerships/projects in management development training	1
AC/3937	Reinstate regular annual risk and audit meetings with directors/Heads of Service	1
AC/3942	Complete training materials for frontline managers and employees using the Brightwave e-learning tool	1
AC/3943	Publish approved articles for Works Magazine	1
AC/3946	Deliver risk control actions and evidence monitoring of Resource risk control plans	1
AC/3949	Gather examples of how risk management has improved performance or saved time or money	1
AC/3950	Promote the inclusion of risk evaluation in savings exercises	1
AC/3951	Assess the risk management module within Improve for future use	1
AC/3952	Issue BV2 toolkit to Risk Sponsors for Resource self assessment	1
AC/3955	Confirm PR policy on reporting both public and Council sides of complaints and policy on publication of good news stories	1
AC/3956	Risk sponsors to keep Resource risk registers up to date and inline with Connect Council wide actions and values. Also update regularly to reflect incidents and service changes.	1
AC/3957	Risk sponsors to ensure SMART risk control plans are in place to manage designated risks	1
AC/3959	Update Council wide risk register	1
AC/3928	Progress paper to Robert McIlwain re involving elected members in the risk agenda	2
AC/3929	Executive Committee reports to be issued 2/3 per annum - top risk review, top risk control and general progress report	2
AC/3931	Agree process to risk evaluate proposals for Connect	2

Action Number	Action	Progress
AC/3938	Raise awareness by attending a selection of partnership meetings (selected from Corporate Register) e.g. Community Health Partnerships or Child Protection Committee	2
AC/3941	Identify training needs analysis based on risk management competency document for sponsors, advisers and general employees	2
AC/3947	Check that Connect actions have been risk assessed and that results have been recorded in registers.	2
AC/3953	Research best practice guidance on inclusion of upside risk and opportunity within risk strategies and update SLC materials if required	2
AC/3954	Gather information on examples of upside risk being implemented in Resources	2
AC/3932	Integrate risk evaluation within project business case standard	3
AC/3939	In conjunction with the Corporate Improvement Unit, speak to lead officers re risk management in major change projects, including lean reviews where appropriate	4
AC/3940	Include top risk register in FOI publication scheme	4
AC/3945	Establish a method for transparently evaluating risk when entering contracts. Ensure risk assessment carried out and recorded in all instances	4
AC/3948	Update risk management handbook and issue	4
AC/3944	Existing contracts to be reviewed to highlight areas of risk retained by the Council	5
AC/3958	Build into standard invitation to tender the need to formally identify shared risks and arrangements for sharing management of such shared risks. Add the requirement for contractors/sun-contractors to adhere to SLC risk management practices and establish process to monitor	5

Summary of current compliance with Risk Management Strategic requirements   **Appendix Two**

Score 3=Up to date and in line with requirement
Score 2=Work in progress
Score 1=Needs addressed

Risk Management Requirements from Strategy	Community	Corporate	Education	Enterprise	Housing and Technical	Finance and IT	Social Work	CPP	Average across all	2009/10 Average
Up to date risk registers	3	3	3	3	3	3	2	3	2.9	2.4
Risk assessed for all Connect actions assigned to the Resource	3	2	3	3	3	3	1	3	2.6	2.4
Risk Registers and Risk Control Plans reported to Resource Management team	3	3	3	3	3	3	2	3	2.9	2.5
Risk Registers and Risk Control Plans reported to Committee	3	2	2	3	3	3	2	1	2.4	1.1
Risk evaluations prior to major projects and changes	3	2	2	2	2	3	2	1	2.1	1.3
Formal risk sharing partnerships	2	2	2	2	1	1	2	3	1.9	1.5
Evidence behind major decisions shows formal identification and evaluation of risk	3	2	2	2	2	2	2	1	2.0	1.5
Risk information in committee papers under "other implications"	1	3	1	3	3	3	2	1	2.1	1.4
Pro-actively monitoring delivery of risk controls	2	2	2	3	3	3	2	2	2.4	2.3
Contractors' assurance that risk controls in place for example insurance, health and safety practices, equalities, sustainable development.	3	2	3	3	3	1	3	2	2.5	2.4
Use of Figtree for risks and action tracking	2	2	2	3	2	3	2	2	2.3	2.1
Regular Resource risk group meetings	2	2	2	3	3	2	2	3	2.4	2.1
Overall total and average	30 2.5	27 2.3	27 2.3	33 2.8	31 2.6	30 2.5	24 2.0	25 2.1	28.5 2.4	
Comparative total and average at end 2009/10	24 2	17 1.4	18 1.5	28 2.3	28 2.3	29 2.4	14 1.2	25 2.1	22.9 1.9	
Average level of improvement (across all)									+24%	